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PACIFIC  **TELESIS**
Group - Washington

October 20, 1994

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

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Mr. William F. Caton
Acting Secretary
Federal Communications Commission
Mail Stop Code 1170
1919 M Street, N.W., Room 222
Washington, D.C. 20554

RE: CC Docket No. 90-314, In the Matter of Amendment of the
Commission's Rules to Establish New Personal
Communications Services

CC Docket No. 94-54 / In the Matter of Equal Access and
Interconnection Obligations Pertaining to
Commercial Mobile Radio Services

Dear Mr. Caton:

Today Mr. James P. Tuthill of Pacific Bell and I met with Mr. Ken Moran, Chief, Accounting and Audits Division; Mr. Jose-Luis Rodriguez, Chief, Audits Branch; and Mr. Thad Machcinski, Accounting Systems Branch, to discuss the requirements for a nonstructural safeguards plan for LEC provision of Personal Communications Services. The attached handout was used for discussion purposes.

Please include this letter in the record of the above referenced proceedings.

Acknowledgement and date of receipt of this transmittal are requested. A duplicate letter is attached for this purpose.

Please contact me if you have any questions concerning this matter.

Respectfully submitted,



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Attachment

**cc: Mr. Ken Moran, Chief, Accounting and Audits Division
Mr. Jose-Luis Rodriguez, Chief, Audits Branch
Mr. Thad Machcinski, Accounting Systems Branch**

NON-STRUCTURAL SAFEGUARDS PLAN

FCC DECISIONS

- ◆ IN THE SECOND REPORT AND ORDER IN 90-314, ADOPTED 9-23-93 THE FCC:
 - AUTHORIZED LECs TO PROVIDE PCS;
 - SAID LECs MUST IMPLEMENT PLAN FOR NON-STRUCTURAL SAFEGUARDS AGAINST DISCRIMINATION AND CROSS-SUBSIDIZATION.

DISCRIMINATION ISSUES

- ◆ WE WILL PROVIDE PCS THROUGH A SEPARATE SUBSIDIARY, PACIFIC BELL MOBILE SERVICES, PBMS.
- ◆ PBMS WILL PURCHASE ALL NETWORK SERVICES AT TARIFFED RATES.
- ◆ FCC's INTERCONNECTION POLICES^F ALSO PRECLUDE DISCRIMINATION.

FCC COST ACCOUNTING RULES PRECLUDE CROSS- SUBSIDIZATION

- ◆ **FCC HAS INDICATED THAT PART 64 RULES APPLY TO LEC PROVISION OF PCS, 9 FCC Rcd 1411, para 218, 1994.**
- ◆ **WE WILL APPLY OUR AFFILIATE TRANSACTION RULES WHICH INCORPORATE PART 64 TO ALL TRANSACTIONS BETWEEN PACIFIC BELL AND PBMS.**